AROUND THE WORLD

REGISTRATIONS

WEST GERMANY
Cars

	12 mos., 1987	12 mos., 1986
Alpina	231	187
AMC	1,920	644
BMW	148,922	147,826
Bertone	211	364
Daihatsu	12,[illegible]	11,970
Fiat Auto	133,205	131,395
Fiat	113,850	111,607
Lancia	12,671	12,718
Alfa Romeo	6,249	6,703
Ferrari	435	367
Ford	301,041	297,007
GM-Opel	454,535	421,114
Honda	41,515	45,881
Isuzu	5,656	5,692
Jaguar	2,175	1,793
Lada	10,878	10,807
Mazda	90,969	86,172
Mercedes-Benz	289,399	303,044
Mitsubishi	68,579	62,909
Nissan	84,540	82,472
Peugeot SA	123,265	132,524
Citroen	43,392	46,855
Peugeot/Talbot	79,873	85,669
Porsche	8,465	10,469
Renault/Matra	89,598	90,925
Rover Group	11,144	13,056
Saab	5,476	4,698
Skoda	2,622	3,380
Subaru	16,714	15,832
Suzuki	27,123	22,880
Toyota	93,348	91,740
VW Group	872,207	815,122
Volkswagen	650,912	658,752
Audi	210,834	150,901
Seat	10,461	5,469
Volvo	17,301	17,325
Others	1,626	2,210
Total	2,915,654	2,829,438

NORWAY
Cars

	12 mos., 1987	12 mos., 1986
BMW	1,876	4,405
Chrysler/Dodge	67	34
Daihatsu	771	1,626
Fiat Auto	5,424	7,342
Fiat	4,777	6,630
Lancia	541	500
Alfa Romeo	106	212
Ford	16,169	25,052
GM/Opel	12,160	20,080
Honda	3,115	4,683
Isuzu	141	98
Jaguar	57	60
Lada	1,951	2,786
Mazda	6,459	12,695
Mercedes-Benz	2,352	4,112
Mitsubishi	4,955	5,958
Nissan	7,049	10,214
Peugeot SA	7,698	9,877
Citroen	3,225	3,138
Peugeot	4,473	6,739
Porsche	14	26
Renault	856	1,199
Rover Group	40	8
Saab	3,055	3,055
Skoda	414	452
Subaru	2,553	3,133
Suzuki	837	982
Toyota	15,574	19,194
VW/Audi	11,664	16,381
Volvo	9,168	13,790
Others	104	90
Total	115,097	167,352

UNITED KINGDOM
Cars

	2 mos., 1988	2 mos., 1987
BMW	8,104	7,210
Daihatsu	351	839
Fiat Auto	13,509	12,138
Fiat	12,308	11,407
Lancia	648	521
Alfa Romeo	553	210
Ford	101,154	92,938
FSO	728	706
GM/Vauxhall	59,174	55,080
Honda	3,142	2,946
Hyundai	1,627	1,054
Isuzu	475	214
Jaguar	2,616	2,050
Lada	4,489	2,986
Lotus	95	73
Mazda	2,952	2,215
Mercedes-Benz	4,955	4,414
Mitsubishi	2,064	2,319
Nissan	17,379	10,419
Panther	0	20
Peugeot SA	28,552	22,675
Citroen	11,588	7,612
Peugeot/Talbot	16,964	15,263
Reliant	22	24
Renault	16,937	16,012
Rolls-Royce	237	212
Rover Group	57,879	58,652
Austin Rover	56,705	57,644
Range Rover	1,174	1,008
Saab	1,985	1,687
Skoda	2,595	1,687
Subaru	982	849
Suzuki	1,131	507
Toyota	5,962	5,034
Volkswagen	21,086	21,834
VW-Audi	20,036	20,518
Seat	1,050	1,316
Volvo	13,380	12,530
Zastava	1,237	1,114
Others	204	119
Total	375,654	341,361

SWEDEN
Cars

	2 mos., 1988	2 mos., 1987
BMW	715	603
Chrysler/Dodge	0	4
Dacia	1	0
Daihatsu	204	78
Fiat Auto	1,143	880
Fiat	932	550
Lancia	4	244
Alfa Romeo	204	186
Ferrari	3	0
Ford	5,930	4,491
GM-Opel	4,284	4,163
Honda	795	363
Isuzu	44	15
Jaguar	30	0
Lada	276	231
Maserati	5	0
Mazda	3,174	1,550
Mercedes-Benz	1,585	875
Mitsubishi	894	287
Morgan	3	1
Nissan	2,870	1,204
Peugeot SA	2,139	1,261
Citroen	752	440
Peugeot/Talbot	1,387	821
Porsche	25	40
Renault	728	571
Rolls-Royce	1	2
Saab	3,676	4,691
Skoda	6	13
Subaru	306	262
Suzuki	394	170
Toyota	3,730	3,433
Volkswagen Group	5,408	5,101
VW	3,709	3,119
Audi	1,699	1,982
Volvo	9,562	10,696
Others	1	2
Total	47,960	39,997

BRAZIL (sales)
All vehicles

	2 mos., 1988	2 mos., 1987
Agrale	113	286
Engesa	3	56
Fiat	10,325	13,729
Ford	18,944	20,004
General Motors	30,512	24,313
Gurgel	272	287
Mercedes-Benz	5,213	5,537
Saab-Scania	655	361
Santa Matilde	0	12
Toyota	678	456
Volkswagen	34,022	27,852
Volvo	363	245
Total	101,100	93,138

JAPAN
Cars

	1 mo., 1988	1 mo., 1987
Daihatsu	3,921	4,077
Fuji	2,887	3,360
Honda	18,631	13,877
Isuzu	2,712	3,020
Mazda	10,972	11,947
Mitsubishi	8,040	6,076
Nissan	39,618	36,088
Suzuki	3,391	2,478
Toyota	80,048	89,258
Imports (all)	5,958	4,170
Total	176,178	154,331

Vans, trucks, buses

Daihatsu	24,820	23,087
Fuki	11,933	13,252
Hino	3,140	2,472
Honda	29,033	10,183
Isuzu	8,892	7,370
Mazda	10,866	9,522
Mitsubishi	20,777	20,248
Nissan	16,953	15,186
Nissan Diesel	1,961	1,458
Suzuki	24,931	21,765
Toyota	24,064	21,992
Imports (all)	11	9
Total	158,450	146,374
Total vehicles	334,628	300,705

AUSTRIA
Cars

	1 mo., 1987	1 mo., 1986
BMW	615	472
Daihatsu	199	81
Fiat Auto	1,071	784
Fiat/Lancia	12,679	694
Alfa Romeo	1,839	90
Ford	1,279	1,231
GM-Opel	1,883	1,631
Honda	647	306
Jaguar	17	17
Lada	18	51
Mazda	1,590	1,116
Mercedes-Benz	982	803
Mitsubishi	280	352
Nissan	580	592
Peugeot SA	1,025	916
Citroen	519	420
Peugeot/Talbot	506	496
Porsche	22	16
Renault	737	525
Rover Group	5	12
Saab	32	17
Skoda	0	34
Subaru	191	345
Suzuki	131	86
Toyota	1,375	917
Volkswagen	2,826	3,388
VW	2,072	2,693
Audi	715	635
Seat	39	60
Volvo	180	227
Others	5	12
Total	15,415	13,749

DENMARK
Cars

	1 mo., 1988	1 mo., 1987
BMW	114	162
Dacia	8	2
Daihatsu	95	56
Fiat Auto	470	440
Fiat	414	413
Lancia	8	7
Alfa Romeo	48	20
Ford	1,319	759
FSO	21	19
GM-Opel	1,302	1,162
Honda	240	136
Jaguar	2	1
Lada	163	231
Mazda	989	804
Mercedes-Benz	131	142
Mitsubishi	96	102
Nissan	504	335
Peugeot SA	1,089	980
Citroen	552	364
Peugeot/Talbot	537	296
Renault	37	29
Rover Group	54	8
Saab	40	80
Skoda	79	124
Subaru	33	21
Suzuki	39	7
Toyota	971	854
Volkswagen Group	958	685
VW	575	507
Audi	53	137
Seat	30	41
Volvo	188	341
Wartburg	19	32
Zastava	32	52
Total	8,691	7,320

PRODUCTION

WEST GERMANY
Cars

	12 mos., 1987	12 mos., 1986
BMW	442,776	432,285
Daimler-Benz	595,765	591,916
Ford	560,582	562,253
Opel	897,071	915,532
Porsche	48,520	52,935
VW-Audi	1,810,454	1,774,364
Volkswagen	1,393,220	1,421,629
Audi	417,234	352,735
Total	4,273,829	4,310,828

Vans, trucks, buses

Auwarter	870	852
Daimler-Benz	121,564	122,399
Faun	128	212
Iveco-Magirus	10,803	10,390
Kassbohrer	2,031	2,001
MAN	17,864	15,321
Opel	6,294	28,465
Volkswagen	80,560	87,810
Total	240,204	267,450
Total Vehicles	4,634,073	4,596,993

SPAIN
Cars

	12 mos., 1987	12 mos., 1986
Fasa/Renault	237,736	231,405
Ford	263,382	256,873
General Motors	294,090	304,090
Peugeot SA	220,955	171,222
Peugeot	107,970	101,072
Citroen	112,985	70,150
Seat	386,421	318,303
Total	1,402,574	1,281,899

JAPAN
Cars

	Jan., 1988	Jan., 1987
Daihatsu	10,577	9,585
Fuji	19,584	25,506
Honda	82,670	81,165
Isuzu	10,512	16,019
Mazda	57,277	59,609
Mitsubishi	49,525	41,135
Nissan	127,435	140,900
Suzuki	24,230	23,754
Toyota	208,869	195,568
Total	590,687	593,241

Vans, trucks, buses

Daihatsu	34,684	31,880
Fuji	27,825	26,867
Hino	5,231	4,382
Honda	7,896	16,587
Isuzu	27,723	23,700
Mazda	29,079	28,634
Mitsubishi	49,051	55,352
Nissan	31,113	35,003
Nissan Diesel	3,555	2,307
Suzuki	42,619	41,863
Toyota	68,051	75,089
Others	24	11
Total	327,661	343,686
Total Vehicles	918,348	936,916

FRANCE
Cars

	Jan., 1988	Jan., 1987
Peugeot SA	150,400	129,292
Citroen	60,872	50,963
Peugeot/Talbot	89,528	78,329
Renault	117,368	105,229
Total	267,768	234,521

Vans, trucks, buses

Heuliez	1	11
Iveco-Unic	5	0
Peugeot SA	14,640	10,974
Citroen	7,510	3,719
Peugeot/Talbot	7,130	7,255
Renault/RVI	29,242	22,515
Sovam	2	0
Total	43,890	33,500
Total Vehicles	311,658	268,021

American Sunroof Company Licensed Sales and Service Centers

Alabama
Birmingham
Custom Auto Vinyl Tops
Tuscaloosa
Tom-Line of Meridian

Arizona
Mesa
Sunroof & Specialties
Phoenix
Arizona Sun Tops
Scottsdale
Arizona Auto Restyling
Tucson
James Auto Upholstery

California
Alhambra
The Sunroof Factory
Compton
Midway Vinyl Tops
Daly City
San Francisco Sunroof
Emeryville
East Bay Sunroof
Fresno
D & D Kustom Vans
Hayward
San Francisco Sunroof
Irwindale
Arizona Auto Restyling
Los Angeles
ASC-Customcraft L.A.
Pacheco
Dealer Support Industries
Sacramento
Sierra Coach Sunroof
San Diego
ASC-San Diego
United California Sunroof
San Jose
Quality Sunroofs
San Marcos
Precision Auto Sunroof of San Diego
Santa Ana
ASC-Britax
ASC-Orange County
Santa Clara
San Francisco Sunroof
Southgate
International Sunroofs, Inc.
Stockton
Stockton Sunroof
Van Nuys
ASC-Valley
Ventura
Ventura Sunroof

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Automotive Styling Concepts Inc.
Milford
Knight Coach Systems, Inc.

Delaware
New Castle
Auto Port Inc.

Florida
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Kelley's Custom Auto Trim
Fort Meyers
Florisun Custom Coach
Longwood
Sunroof Corp. of Orlando
Oakland Park
Sunroof-of Florida, Inc.
Orlando
American Sunroof of Orlando
Florida Dealer Services
Pensacola
Precision Auto Works
Pinellas Park
ASC Florida
Sarasota
ASC of Florida

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Conyers
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Illinois
Evanston
Broadway Auto Top
Lombard
Uni-Sun Incorporated
Northbrook
Lang's Auto
Palatine
Tucker Automotive Corp.

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Fort Wayne
Fabini's Auto Trim Co., Inc.
Indianapolis
Indy Auto Sound

Iowa
Davenport
Spectrum Automotive

Kansas
Kansas City
Top King, Inc.

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Lexington
Car Customizing Co.
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Car Customizing Co.

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Automotive Specialty of New Orleans
Shreveport
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S. Portland
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Capital Heights
Creative Customs, Inc.
Glen Burnie
American Auto Classics
Rockville
Adler & Mandel
Sure Fit Seat Covers

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Brockton
ADI-Automotive Designs
Chicopee
ADI-Automotive Designs Inc.
Woburn
ADI-Automotive Designs Inc.

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Flint
Kelley's Custom Trim
Grand Rapids
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Michigan
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Allaire
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Huntington Station
Metro Coach & Sunroof Ltd.
Moravia
Superior Auto Glass & Trim
New Rochelle
Auto Sunroof of Larchmont
New York
Liberty Glass Co.
Rochester
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Charlotte
Charlotte Sunroofs, Inc.
Fayetteville
C & C "T" Top Shop
Kernersville
Tops and Trends

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J.R. Pride Auto Center
Cincinnati
Jim Hayden Inc.
Cleveland
Ultratech Distributors
Columbus
Auto Options
Toledo
Keystone Auto Glass
Warren
Warren Auto Seat

Oregon
Portland
Western Sunroof

Pennsylvania
Exton
Automotive Concepts Inc.
Gibsonia
Executive Motors Inc.
Horsham
Automotive Concepts Inc.
Pittston
Custom Trim

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Providence
H.M. Howe Co. of New England

Tennessee
Nashville
Tennessee Auto Tops

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Dallas
Texas Auto Tops
Houston
Ochterbeck Distributing Co.
Top King of Houston
Midland
Morrison Seat Cover
San Antonio
Automotive Concepts & Accessories, Ltd. Inc.

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Arlington
Sure Fit Seat Covers
Chesapeake
Automotive Restyling Concepts Inc.
Roanoke
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VW, Wagons-Lits merge rental firms

PARIS — Volkswagen AG and Internationale des Wagons-Lits have combined their car-rental units to form Europe's largest rental group.

The venture calls for merger of VW's wholly owned Interrent car rental subsidiary with Europcar, the rental-car group acquired by Wagons-Lits from Renault.

The two rental businesses had combined sales of about $500 million in 1987. The combined fleet has 34,000 cars.

Europcar is currently Europe's third-largest rental-car group and is the market leader in Great Britain. Interrent is the largest rental company in West Germany.

Both companies have links to North America. Europcar is affiliated with National Car Rental in the United States and Tilden in Canada, and Interrent is linked with the Dollar Rent-A-Car network in the United States.

Capital for the new group will be split evenly, but management will consist primarily of Europcar executives.

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AROUND THE WORLD

European sales on record track

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Demand for new cars in Europe continues to grow from already record levels, with no sign of the slackening that had been predicted.

After reaching record volume of 12.4 million units 1987, Western European sales through February were nearly 12 percent ahead of last year, with all major markets still humming, according to industry estimates compiled by Automotive News.

Buoyant Italian sales pushed Fiat Auto into first place for January-February. Fiat also led Europe through the first half of 1987 before giving way to Volkswagen AG, sales leader for the past three years.

However, with its new Tipo subcompact being introduced throughout Europe this spring, the Italian maker's early lead may hold up in 1988.

Industrywide sales in the first two months totaled 2,067,000 units, up 11.5 percent from the first two months of 1987. All six volume manufacturers registered gains, led by Peugeot SA, which climbed nearly 20 percent to 258,600 sales and 12.5 percent of the European market.

The French manufacturer improved 16.5 percent in its home market, while rival Renault was relatively flat in France during the first two months. Peugeot SA sales also grew faster than the overall market in Italy, the United Kingdom and Spain in January and February.

The Peugeot group, including Peugeot and Citroen, now has a firm grasp on third place in Europe behind the Fiat and VW groups.

Fiat's 13.7 percent increase to 337,000 sales in January-February was good for 16.3 percent of the market. The group rode the crest of strong sales in Italy, Europe's No. 1 passenger-car market through February at 399,400 units. With Alfa Romeo and Lancia, Fiat now controls about 60 percent of the Italian market.

Volkswagen-Audi-Seat chalked up 282,000 sales through February, an 8.9 percent improvement over last year and a 13.6 percent share of the market.

VW's performance is linked closely to the West German market, where sales were up 6.3 percent to 356,300 in the first two months. VW remains West Germany's leader with just under 28 percent of the market, down slightly from 1987.

Ford captured 11.7 percent in Europe through February with sales of 240,900, an 11.8 percent pickup. General Motors was at 10.7 percent on volume of 221,400, an 8.6 percent rise. Renault was next at 10.3 percent, improving 6.9 percent to 212,800 units.

Among major European manufacturers, only Volvo suffered a sales decline in Western Europe. The Swedish maker dropped 2.5 percent to 43,900. Volvo was down 10 percent in its home market, where a strike by white-collar workers affected all industries in the country.

Japanese manufacturers are off to a fast start in 1988, with combined sales up 20 percent through February. Nissan boosted its European volume 30 percent to 55,400 and a 2.7 percent share. Toyota was up 15.3 percent to 52,300 and Mazda climbed 21.6 percent to 36,300.

Japanese sales in Europe reached 1.4 million units last year, though combined market share fell to 11.3 percent from 11.6 percent in 1986.

Lada, the Soviet automaker, has moved into the top 15 on Western Europe's sales table, ahead of such notables as Honda and Saab. Boosted by its new Samara subcompact, Lada sales surged nearly [illegible] percent in the first two months [illegible],000, good for 1 percent of the [illegible]ern European market.

[illegible]la's biggest gain was register[illegible] in the United Kingdom, where sales increased 51 percent in January and February to nearly 4,500 cars.

Overall sales in the United Kingdom rose 10 percent in the first two months to 375,700, second only to Italy. Sales in France sales were also up 10 percent, to 320,600.

The Spanish market continues to surge with a volume rise of 28.7 percent to 164,900. Spain surpassed 900,000 units in 1987 and may be on course for its first million-car sales year.

Ultrasonic injection for diesels

TOKYO — Toa Nenryo Kogyo has developed an ultrasonic fuel injector for diesel engines. The company hopes to be ready for production next year.

The purpose of the ultrasonic injection, as opposed to the usual pressurized atomizing, is to produce a "perfect combustion" that would be more efficient and more powerful.

Toa Nenryo is a refinery company affiliated with Exxon and Mobil. It came up with the new combustion mechanism during research on methods of producing lubricating oil.

When the company first announced a prototype in 1984, it was swamped with inquiries from the United States and Europe and requests for more research. Future development, according to a company spokesman, depends on racing tests, possibly in conjunction with automakers and engine makers.

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LEGAL BRIEFS

Odometer disconnects cost Pa. dealer $17,000

HARRISBURG, Pa. — An Allegheny County car dealership that disconnected the odometers of two demonstrator vehicles, will pay $17,000 in penalties and costs under an agreement with state Attorney General LeRoy Zimmerman.

The dealership is Wexford Dodge, Wexford. The agreement was signed by Mary L. Palmer, dealership president.

A complaint filed with the petition charges that the dealership disconnected the odometers of two demo vehicles — a 1988 Dodge Caravan SE and a 1988 Dodge Dynasty. Zimmerman said the vehicles were assigned to and driven by dealership employees.

According to the complaint, the dealership's actions violated the federal Motor Vehicle Information and Cost Savings Act and the state's Vehicle Code, Unfair Trade Practices and Consumer Protection Law.

Under terms of the agreement, the dealership will pay the state $15,000 in civil penalties and $2,000 in costs.

When Wexford ultimately sells the two demos, it is required to disclose to the purchasers that the odometer reading is not the actual mileage.

Deputy Attorney General Caren L. Mariani said Wexford must inform the state Bureau of Consumer Protection within five days of selling the two vehicles and provide the bureau with copies of the transfer documents.

Florida legislators may toughen lemon law

TALLAHASSEE, Fla. — A legislative proposal to make Florida's five-year-old lemon law more effective will be considered by state lawmakers this spring.

The current law needs revision, Attorney General Bob Butterworth said, "because it is not giving new-car buyers the protection all of us want."

A significant section of the proposed revision would convert the arbitration process to a state-run program to resolve disputes between consumers and automakers.

Current law calls for manufacturers' arbitration panels, "and very few lemon purchasers have received refunds or vehicle replacements in disputes settled by manufacturer arbitrations," Butterworth said.

The new measure would also allow consumers to appeal decisions made by manufacturer panels without the expense of taking the case to court.

Decisions of the state-run arbitration program would be final unless appealed within 30 calendar days.

New-car buyers would receive, at time of sale, a written statement from the attorney general's office, advising them of their rights and listing a toll-free number for consumer inquiries.

Another provision would extend the time for taking action under the lemon law from 18 months to two years.

Manufacturers would have 30 calendar days in which to correct warranty problems instead of the current 25 working days.

The attorney general's office would take on responsibility for preparing brochures explaining the new law, application forms, adopting rules for implementation, investigations and enforcement.

Operating costs would come from a $2 fee on each new motor vehicle purchased after Jan. 1, 1989. Additional funds would be derived from a $100 arbitration fee shared equally between the consumer and manufacturer.

The proposal, sponsored by Sen. Gwen Margolis (D-North Miami) and Rep. Tom Drage (R-Winter Park) would take effect Jan. 1, 1989, if approved.

Wyoming high court upholds GM in belt case

CHEYENNE, Wyo. — The Wyoming Supreme Court ruled that General Motors was not negligent in the case of a family that suffered burns when its car caught fire and a seat-belt buckle jammed.

The plaintiffs failed to meet their burden of proof that GM was at fault, the high court justices said in upholding a Sheridan County District Court ruling on the incident.

On July 28, 1978, flames coming from the left rear of a 1974 Chevrolet Chevelle Malibu prompted Marjorie Sims to hit the brakes and order her daughters Margo and Lara out of the car.

But as the family tried to escape, Lara could not get her seat-belt buckle to release. By the time Marjorie was able to free her daughter, the two had received serious burns, according to the court records.

The court records also said Margo suffered burns in helping move Lara away from the car.

Lawyers representing the Sims family had argued that the trial court erred in assigning them the burden of proving negligence on the part of GM.

The state Supreme Court rejected that argument.

"A plaintiff claiming direct negligence on the part of a defendant must prove that the defendant's action or inaction was negligent and that such negligence proximately caused the injury sustained," Justice Richard Macy wrote for the court.

The plaintiffs presented evidence of other seat-belt buckles in GM automobiles failing to open. But the trial court excluded use of that evidence.

In upholding the lower court, the justices said that "mere proof that the seat-belt buckle malfunctioned was not sufficient to create an inference of a defect."

Although a jury in the trial court found GM was negligent in the case, the Supreme Court ruling supported the district judge's final decision that negligence was not the cause of injuries.

— The Associated Press

Chrysler Motors wins pension lawsuit

CINCINNATI — A federal appeals court ruled in favor of Chrysler Motors and the company's pension plan in a lawsuit filed by three salaried employees of Chrysler's former defense operations division.

A three-judge panel of the 6th U.S. Circuit Court of Appeals upheld a lower court's ruling that Chrysler and the pension plan satisfied federal requirements in selling Chrysler's defense operations and its pension plan to General Dynamics Corp. in March 1982.

The appeals judges unanimously affirmed a ruling by U.S. District Judge John Feikens of Detroit, who upheld Chrysler's position.

Three employees covered by the pension plan that was sold to General Dynamics said in their suit that benefits under the General Dynamics plan had not increased since 1982, while benefits under an existing pension plan for other Chrysler employees had risen.

The lawsuit accused Chrysler of breaching its fiduciary duty by failing to ensure that benefits under the two plans would be equally likely to increase.

But the appeals court agreed with Feikens' conclusion that sale of a business or part of a business does not require an employer to guarantee future non-vested benefits.

The three employees who filed the suit were Thomas P. Cotter, Warren, Mich.; Robert H. Dougherty, Royal Oak, Mich.; and David F. Robinson, Farmington, Mich.

— The Associated Press

Independents form ServNet ad co-op to fight auction chains

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Independent auto auction owners, threatened by the economies of scale that large chains can offer, are forming a cooperative advertising effort called ServNet.

Previous attempts at forming such a venture among independent auction owners have foundered.

"Each time we got a group together, the (auction) chains would step in and buy some of them," joked Alexis A. Jacobs, vice president of ServNet and owner of the Columbus Fair Auto Auction in Ohio.

She said the cooperative now has eight members and will launch its first print ads in automotive trade magazines April 1. Jacobs said the group has a 1988 advertising budget of about $100,000.

Eventually, ServNet hopes to attract 30 independent auction owners from across the nation. For a franchise fee, members can display the ServNet trademark.

Because the ServNet co-op is just getting off the ground, it has no full-time employees. Jacobs declined to disclose the amount of the franchise fee.

Not all auctions are eligible to join. Independent auctions will be judged on their commitment to quality service, orientation to fleet business, geographical location, full-service capabilities and membership in the National Auto Auction Association, Jacobs said.

In its advertising, ServNet is expected to fire not-so-subtle salvos at the auction chains. GE Capital Auto Auctions, owned by GE and Ford, may be a prime target. Both parent companies send thousands of their vehicles through GE Capital Auto Auctions.

The independents' ad message is: "Because we don't own our vehicles, we can pay our full attention to selling your vehicles. . . ."

Dealers keep their used-car stocks current by selling and buying cars at auctions. If a vehicle languishes on a dealer's lot for 30 days, he may decide to sell it and replace it with a vehicle that is more salable.

Hence, companies like GE, which sells cars coming off leases through GE auctions, and Ford, which sells vehicles the company buys back from fleets through the GE auctions, can be perceived as competing with dealers who bring cars to sell at those auctions.

Jacobs explained that a vehicle can be given preferential treatment by placing it at a good time during the sale or by getting bodywork or detailing done in a timely fashion so the vehicle makes the sale requested by the dealer.

For example, vehicles first in line at a sale may not receive the best price, so auctions employ various methods of setting a vehicle's number in the sale. Usually, they allow dealers to reserve numbers on a first-come basis.

And it is a common auction policy to offer sellers the option of running early cars through a sale.

Larry Brasher, president of ServNet and owner of Brasher's Sacramento Auto Auction, Sacramento, Calif., and Salt Lake Auto Auction, Salt Lake City, said that "independent auctions offer more than just big numbers, and we want our customers to know it."

Jacobs said ServNet hopes to offer a network of independent auctions where company fleets and lease vehicles can be distributed and sold nationwide.

Currently, only the auction chains can offer companies like General Motors, Chrysler Motors or Hertz package deals with as many as 20 locations.

High-volume sellers like the multiple locations because they prevent flooding any regional used-car market and thereby reducing prices. They also can choose to sell certain models in the regions that traditionally pay most them.

ServNet also hopes to develop sources for buying business supplies in bulk and, therefore, at lower prices than independents can now obtain.

Both Brasher and Jacobs cautioned that ServNet is not a replacement for the National Auto Auction Association.

"We've formed ServNet to increase the visibility of our marketing efforts," said Jacobs. "We hope to match the exposure of the auction chains while stressing the advantages of doing business with the independents."

Other members are Southern Auto Auction in East Windsor, Conn.; Greater Kalamazoo Auto Auction, Schoolcraft, Mich.; Statesville Auto Auction, Statesville, N.C.; State Line Auto Auction, Waverly, N.Y.; and Pennsylvania Auto Dealers Exchange, York, Pa.

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AUCTION DATES

Ford Motor Co.

March 29 — Harrisonburg Auto Auction, Harrisonburg, Va., and Bay Cities Auto Auction Inc., Hayward, Calif.

March 30 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Lakeland Auto Auction, Lakeland, Fla.

March 31 — Greater Houston Auto Auction, Houston, and Minneapolis Auto Auction, Plymouth, Minn.

April 5 — South Seattle Auto Auction, Kent, Wash.

April 6 — Northway Auto Auction, Clifton Park, N.Y.; Atlanta Auto Auction, Red Oak, Ga.; and Southern California Auto Auction, Fontana, Calif.

April 7 — Dallas Auto Auction, Grand Prairie, Texas; Brasher's Sacramento Auto Auction, Rio Linda, Calif.; and Skyline Auto Exchange, Fairfield, N.J.

Chrysler Motors

March 29 — American Auto Auction, Walpole, Mass.; Hatfield Auto Auction, Hatfield, Pa.; and Golden Gate Auto Auction, Fremont, Calif.

March 30 — Butler Auto Auction, Gibsonia, Pa.; A.D.E. of Birmingham, Birmingham, Ala.; Minneapolis Auto Auction, Plymouth, Minn.; Denver Auto Auction, Aurora, Colo.; and Southwest Auto Auction, Phoenix, Ariz.

March 31 — Ark-La-Tex Auto Auction, Shreveport, La.; Northway Exchange, Clifton Park, N.Y.; Clanton's Auto Auction, Darlington, S.C.; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Used Car Sales
Auction Averages

March 1988	$5,499
Month ago	$5,255
Year ago	$5,822

General Motors

March 29 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

Model Breakdown
Auction Averages

	MARCH 1988	FEB 1988	JAN 1987
1988	$11,415	$10,741	$8,839
1987	$8,596	$8,443	$8,435
1986	$6,849	$6,732	$6,518
1985	$5,756	$5,731	$5,501
1984	$4,375	$4,363	$4,349
1983	$3,711	$3,689	$3,382
1982	$2,529	$2,454	$2,383
1981	$1,929	$1,817	$1,926
Overall Average	$5,499	$5,309	$4,841

March 30 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Indianapolis Auto Auction, Indianapolis; Southern California Auto Auction, Fontana, Calif.; and Omaha Auto Auction, Omaha, Neb.

SALES

FROM PAGE 1

Third place in 1987 went to another relative newcomer to the United States. Acura, with an average of 595 cars sold per point, succeeded Toyota in that slot. Acura cars went on sale here in March 1986. Its average dealership delivered 352 cars that year.

Hyundai sells only cars in this country but its sales-per-dealer average in 1987 was again well above those of makes that sell cars, pickups, vans and sport-utility vehicles.

Toyota was second to Hyundai in total vehicles per dealer and was the leader among outlets selling both cars and trucks. Toyota dealers in 1987 averaged sales of 578 cars and 279 trucks for a total of 857 units. That was down from a 1986 average of 947, made up of 716 cars 231 trucks.

Mitsubishi ranked third in car and truck sales in 1987 with an average of 831 units, including 521 cars and 310 trucks. It also was third in 1986 a per-dealership average of 791 — 489 cars and 302 trucks.

Mitsubishi has a relatively small dealer body, totaling 148 on Jan. 1, and relatively high sales.

In the top 10 makes in car sales per dealership, six were Japanese, two were American, one was Korean and one was Swedish.

Following Hyundai, Honda, Acura and Toyota in the car standings were Mitsubishi and Nissan.

Ford Division led the domestics and ranked seventh with Chevrolet a close eighth in average new-car sales per outlet.

Mazda was ninth, and Sweden's Volvo leaped ahead of Pontiac to take 10th place as Pontiac dropped to 11th.

Oldsmobile tumbled out of the top 10 to 12th place from the eighth position it held a year before.

There were 24,938 new-car dealers in this country on Jan. 1 this year, down from 25,156 a year before, according to an Automotive News analysis.

As of Jan. 1 this year, Hyundai had 224 franchise holders, up from 161 at the start of 1987. In comparison, Honda had 916 and Acura had 218 dealerships at the beginning of this year. That was up from 900 for Honda and up from 150 for Acura a year earlier.

New-car deliveries per dealership last year averaged 388 for General Motors, down from 464 in 1986. For Ford Motor Co. dealers, the average was 378, compared with 365 new cars delivered in 1986. Chrysler Motors points sold an average of 238 units against 292 in 1986.

The Chrysler average was influenced by several factors. They included interruption of Omni/Horizon production for several months, lower sales over-all and inclusion of American Motors dealerships with their relatively low sales in the Chrysler Motors average computation for 1987.

The strength of truck sales is put into perspective by a look at the average number of deliveries per dealership in comparison with car deliveries. The average Ford dealer sold 308 cars and 304 trucks. For Chevrolet dealers, the averages were 304 cars and 237 trucks.

Minivans make up a large portion of truck sales for Dodge dealers and also are included in the Ford and Chevy truck averages.

In the Automotive News sales-per-dealer rankings, captive imports are included in the figures for their parent makes. Likewise, figures for the foreign nameplates include cars and trucks built in the United States.

At Hyundai headquarters in Garden Grove, Calif., Art Meissner, vice president, national sales director, said the company is pleased with sales and expects the high averages to continue. "With the Y-2 compact being added to our product line later this year, I believe Hyundai will continue to be the benchmark for dealer success in this industry," he said.

"The Hyundai dealer body is highly experienced and a hard-working group. On top of that, they have an excellent product to sell. That's a combination that's pretty tough to beat," he said.

CAR-TRUCK SALES PER OUTLET

Final 1987	1987	1986
1. Hyundai	1,399	1,431
2. Toyota*	857	947
3. Mitsubishi	831	791
4. Honda*	869	716
5. Nissan*	673	657
6. Ford	612	605
7. Acura	595	352
8. Suzuki	578	569
9. Chevrolet	541	565
10. Mazda*	424	464
11. Dodge	323	336
12. Volvo	257	276
13. Pontiac	234	263
14. Isuzu	229	236
15. Oldsmobile	226	334
16. Subaru	220	226
17. Volkswagen*	219	247
18. Mercedes	213	236
19. BMW	209	229
20. Buick	199	299
21. Mercury	174	184
22. Yugo	166	173
23. Cadillac	162	188
24. Plymouth	159	178
25. Jaguar	159	150
26. GMC	129	121
27. Saab	124	137
28. Lincoln	102	116
29. Audi	101	146
30. Chrysler	99	117
31. Sterling	85	—
32. Porsche	74	94
33. Range Rover	53	—
34. Alfa Romeo	42	54
35. Peugeot	34	51
36. Eagle	33	—
37. Maserati	14	28

—Domestic plus imports.

Note: Captive imports are included in totals for the six months ended.

CAR SALES PER OUTLET BY MAKE

	1987	1986	1985	1984	1983
Hyundai	1,399	1,431	—	—	—
Honda*	693	716	840	616	484
Acura	595	352	—	—	—
Toyota*	578	592	572	515	511
Mitsubishi	521	489	506	477	436
Nissan*	477	495	520	439	476
Ford	308	301	295	276	239
Chevrolet	304	343	292	305	261
Mazda	286	290	277	223	228
Volvo	257	276	257	248	229
Pontiac	234	263	265	235	187
Oldsmobile	226	334	334	331	320
Volkswagen*	219	247	246	197	177
Subaru	219	226	219	196	196
Mercedes-Benz	213	236	207	190	177
BMW	209	229	204	170	145
Buick	199	299	295	316	288
Mercury	174	184	192	195	156
Yugo	166	173	—	—	—
Cadillac	162	188	185	200	168
Jaguar	159	150	120	96	81
Dodge	136	178	188	148	136
Saab	124	137	115	102	81
Plymouth	112	141	122	111	113
Lincoln	102	116	103	87	67
Audi	101	146	182	172	115
Chrysler	99	117	124	110	94
Isuzu	89	134	119	89	89
Sterling	85	—	—	—	—
Porsche	74	94	79	61	66
Alfa Romeo	42	54	31	27	17
Peugeot	34	51	53	64	47
Eagle	33	—	—	—	—
Maserati	14	28	24	—	—
Renault*	—	51	87	136	135
AMC	—	6	9	14	29

*Domestic plus imports.

Note: Captive imports are included in totals for domestic makes.

HYUNDAI

FROM PAGE 1

ada may cause both companies to abandon any hope of winning a dumping case in the United States.

Instead, the Big 3 may throw more support behind trade legislation now before the U.S. Congress. Democrats want the trade measure completed by April 1.

Prior to the Canadian decision, the U.S. Motor Vehicle Manufacturers Association had been studying a possible dumping case against Japanese light-truck importers, and trade lawyers said the Big 3 have expressed interest in a possible case against importers of entry-level subcompacts to the United States.

Hyundai had to put up a bond of $10 million (Canadian) when the finding of dumping was announced nine months ago. The bond would have covered fines or mandated price increases. The bond has been canceled.

Washington lawyers said GM and Ford considered the Canadian anti-dumping action a "test case" for a similar filing in the United States and wanted to wait for a successful outcome before proceeding in Washington.

The attitude expressed by import industry representatives in Washington was one of relief. Their reasoning: If the Big 3 cannot win in Canada — where Hyundai was found to have dumping margins averaging 26 percent — it is very doubtful they can win in the United States, where profits are high and total domestic market share has remained fairly constant for several years.

Hyundai Auto Canada officials were ecstatic.

"For the past nine months, we've had a cloud hanging over our heads," said a spokesman for the Canadian importer. "Now, we have a task, and it's a formidable one, to regain our share of the market."

In announcing the finding to his employees, company president B.J. Park specifically thanked them all for their hard work during the past troubled year.

Officials of Ford of Canada and General Motors of Canada, the plaintiffs in the case, were surprised by the tribunal's decision.

George Peapples, president of GM of Canada, said, "We are extremely disappointed. Given the deputy minister of revenue's finding of dumping margins in excess of 26 percent, it is difficult to comprehend that the tribunal did not find any injury whatsoever.

"It has been, and remains, our concern, that continued unrestrained dumping by Hyundai will result in lost jobs and investment in the Canadian automotive industry," Peapples said.

Ford spokesman Jim Hartford complained of flaws in Canada's trade law and said the case set a bad precedent for the Canada-U.S. free trade agreement due for ratification by the Canadian Parliament and U.S. Congress later this year.

Hartford said the law forced the tribunal to look at Ford production and sales only in Canada, where small-car output has been phased out, instead of examining Ford's integrated operations throughout the continent.

"We're alarmed by the implications the decision has for other industries that may become rationalized under the free-trade agreement," Hartford said. The shortcoming must be fixed in the first years of the free-trade treaty or more industries will come in for "predatory dumping," he added.

A "rationalized" industry is one in which production to serve both Canada and the United States is spread over both countries in proportion to sales in each country. A participant in the Auto Pact, such as Ford or GM, must build cars in Canada of a value equal to those it sells in Canada, but they need not be the same cars.

To date, only the brief announcement of the tribunal's findings has been released.

An appeal process called a judicial review is available to the plaintiffs. Ford of Canada will reserve judgment on whether to pursue that course until it reviews the Statement of Reasons, a spokesman said.

GM of Canada's Peapples added, "As the reasons for the finding have not yet been issued, we are unable to comment further at this time."

Hyundai had argued throughout the case that differences in marketing systems between Canada and Korea were responsible for the differences in pricing structures. It pointed out that the Canadian operations of Ford and GM have been profitable despite Hyundai's recent sales successes, and that the Ford Tempo, built in Oakville, Ontario, was Canada's best-selling car in 1986 and 1987, displacing Hyundai's Pony, which was No. 1 in 1985.

Hyundai noted that Ford and GM have been importing cars from Asia to compete with Hyundai products. Ford has been selling the Mercury Tracer from Taiwan and Mexico; GM has the Passport Optima from Korea and the Passport I-Mark and Chevrolet Sprint from Japan.

Hyundai said that those actions proved that Hyundai had only spurred competition in the low-priced market and had not caused material damage to the Canadian manufacturing facilities of either Ford or GM.

Staff Reporter Geoff Sundstrom in Washington and The Associated Press contributed to this report.

GAME

FROM PAGE 1

Though Test Drive has been sold on a limited basis in test markets so far, Taylor has reason to be optimistic. Toys-R-Us will begin selling the game in its 313 stores nationwide this summer. And Taylor is negotiating with other retailers — including K mart, Dayton Hudson and J.C. Penney — for distribution at those chains.

The game is aimed at giving a glimpse of what goes on behind a transaction that involves millions of U.S. consumers each year: buying a car. But despite the nation's appetite for automobiles, most buyers are ill-prepared for the deal, Taylor insists. Some are putty in the hands of the dealer; others have inflated notions about how much dealers pocket on a sale.

Just as in real life, Test Drive's buyers and sellers are on the prowl for the best deal for themselves. In the game, however, players get to sit on both sides of the sales table.

In the process, they get a lesson in Taylor's theory of enlightened car retailing.

Honest salespeople, he argues, would rather deal with someone who has an idea of what goes into the price of a car. And buyers can only benefit from more knowledge about how the transaction works.

To that end, the game is designed to reward players who can cooperate and reach a happy medium. Pushovers and the bullheaded are penalized.

The object is to buy enough models in a particular car class — used, domestic, Japanese, European — to form a "dealership." More than 400 cars "from Fords to Ferraris" — are available.

The game can be played with one of two definitions of victory. In one version, the first player to create a dealership wins. In the other, the one with the most assets claims the title.

As players move their game pieces around the board, they are directed to buy or sell cars with their opponents. In the process, sellers can employ some tricks of the trade — like quoting a wildly low figure just to get the customer in the door.

If players can't reach a deal, they consult a stack of "T.O." cards — named for the salesman's practice of "turning over" a customer to the manager when the parties can't agree on a price.

In Test Drive, the T.O. card is akin to having an arbitrator set the terms of the deal. They're not necessarily fair. One might order the seller to unload the car at cost. Another might reveal that the buyer has a bad credit rating and nullify any chance for a sale.

Taylor, who is 35, says he came up with the idea when a fellow salesman recalled a bad dream wherein customers played a game about buying cars and became adept enough to trim dealers' income.

Taylor took it from there. A former teacher and artist, he developed the game with the help of a friend and had it produced at a Nashville printing company. Since then, he's formed his own firm, A.C. Taylor and Co., to manage the venture.

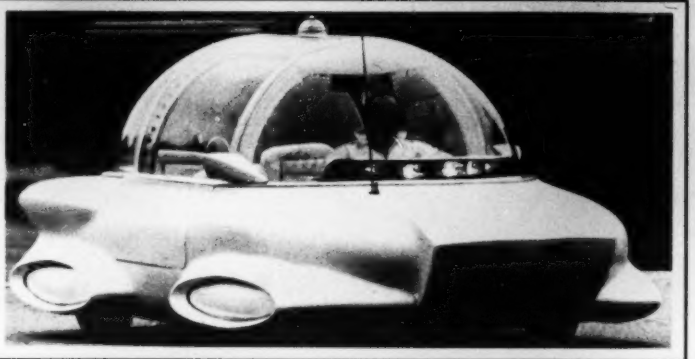
He concedes that Test Drive will hardly make him a hero among his peers. But he argues that the profession can benefit by changing its ways.

If buyers can shed their anxiety about car showrooms, they'll be inclined to visit more often, Taylor says. As for dealers: "They'll make less profit on each car, but I think they'll sell more cars."

Special correspondent Jim Henry of the Nashville Banner contributed to this story.

Give him some space

Ed Taschner of Paradise Valley, Ariz., designed his street-legal "Space Car" after the car used in Woody Allen's movie, "Sleeper." The car was built for about $50,000 and is built on a 1950 Volkswagen chassis. Taschner, a Phoenix-based developer and builder, said the car matches his round garage.



Honda to pay $6 million in bias probe

By Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Honda of America Manufacturing has agreed to pay $6 million in compensation to 370 blacks and women denied jobs at the company's Marysville, Ohio, assembly plant between 1983 and 1986.

The payment settles a federal discrimination investigation, the U.S. Equal Employment Opportunity Commission announced last week.

In addition to the compensation, the backpay recipients who had been refused jobs had to be employed by Honda as of Feb. 29 of this year. The investigation began in September 1984.

Honda's response to the settlement was limited to a prepared statement from Al Kinzer, vice president and senior manager of administration for the U.S. plant.

"We are pleased to reach this agreement with the EEOC," the statement said. "Honda of America is known for its commitment to personal growth and development. Honda's participation in this agreement underscores our continuing commitment to these principals."

Other elements of the agreement include expansion of the company's recruitment efforts to include Columbus, Ohio, and specific recruitment efforts among blacks; changes in promotion procedures to promote more black and female production workers; implementation of a management training program to provide a clear understanding of U.S. anti-discrimination laws; and creation of monitoring mechanisms to ensure compliance with the agreement.

It is Honda's second such discrimination agreement with Equal Employment Opportunity Commission in less than a year, the commission reported. An agreement last June on an age discrimination investigation provided backpay of $461,610 and employment and seniority adjustments for 85 workers age 40 and over who unsuccessfully applied for jobs in 1984 and 1985.

Separately, Toyota Motor Sales U.S.A. last week told the Los Angeles Times that it reached an agreement with the equal employment commission a year ago that required the company to change its minority hiring practices. The company agreed to add five minority workers to its 2,600-member staff. A Toyota spokesman said there was no fine or financial settlement involved.

Nissan Motor Corp. in U.S.A. said it was under investigation by the commission for its hiring and promotion practices and a settlement is expected within a couple of months.

NOBUTO

FROM PAGE 1

cans having accepted late deliveries as a way of life.

"The parts defect rate for local American firms is anywhere from 3 to 5 times higher than among Japanese firms," Nobuto said, and American parts firms often are content "if something is 90 percent right."

Suppliers have told Mazda that they might have to abandon business with the Japanese if they insist on greater quality improvement instead of accepting replacements for defective parts, Nobuto said.

Candace Howes, a UAW economist attending the conference, said that American parts firms are not all as inefficient as Nobuto depicted them. Howes, who studies American parts firms, said top suppliers to the Big 3 have achieved lower defect rates than 10 percent and have made significant changes in their organizations to make them more responsive to customers.

Other conference speakers, referring to the growing number of Japanese parts makers in the United States, said they doubted the transplant automakers would significantly increase their purchases from American parts firms.

But, Nobuto said, "Those who believe that Japanese firms are avoiding the use of American suppliers are sadly misinformed about both the economic necessity for us to source more and more components locally — and the difficulty that we have in educating these new business partners in our way of doing things."

Nobuto said that the local content of the Mazda MX-6 and the Ford Probe, which went into production at the Mazda plant in Flat Rock, Mich., in January, is now about 50 percent and that it is targeted at over 70 percent "by the time of our next model change."

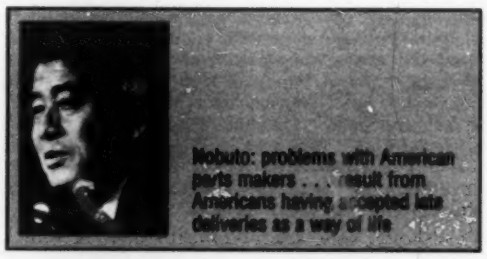
A Detroit-based Honda spokesman at the conference said that Mazda's problems with suppliers are probably due to the fact that Mazda is the newest transplant producer.

"We've worked out most of our difficulties with our American suppliers," the Honda spokesman said.

Honda has said its vehicles, produced at Marysville, Ohio, will have about 75 percent local content by 1991.

Rep. Marcy Kaptur, D-Ohio, speaking in a panel at the conference, said that though Honda "is trying harder than the other (transplants), I don't believe all their press releases."

"I know how many local suppliers can bid on Honda business," she said. Kaptur, who has been seeking legislation to increase American access to Japanese markets, has said that if an Ohio firm is not Japanese-affiliated, it doesn't get far in attempts to sell to Honda. Several Japanese component plants were established in Ohio to supply Honda. The Honda spokesman questioned Kaptur's "knowledge of our operations."



Nobuto: problems with American parts makers . . . result from Americans having accepted late deliveries as a way of life

A Honda spokesman in Marysville said that Honda has about 500 U.S.-based suppliers. About 150 of those make vehicle parts, and about 350 supply materials used in the production of cars and motorcycles.

Honda has released a list of its 28 major U.S.-based suppliers. But Honda does not break out the number of its U.S. suppliers that are Japanese-owned or affiliated. The Honda spokesmen said they did not have that information.

Speaking at the same panel, Lee Kadrich of the Automotive Parts and Accessories Association said that two-thirds of Japan's biggest auto parts makers are either established in the United States or planning operations here. That is a sign the transplants intend to source parts with those firms, with which they have links in Japan, Kadrich said.

Kadrich said exports of American auto parts to Japan have declined 9 percent since Japan agreed last year to encourage those exports.

But Kadrich said it is difficult to determine how American parts suppliers — as distinguished from Japanese-owned parts firms in the United States — are faring with the transplants. He said the Japanese government refused to break out data that would show the amount of business the transplants are doing with American parts suppliers.

Both Kadrich and Kaptur count on the current trade bill to demand trade reciprocity and require disclosure of Japanese investments in the United States.

Yoshiji Nogami, economic counselor at the Japanese embassy in Washington, said that the cost of American parts is still a problem for the transplant operations.

Nogami said he has not heard complaints from Japanese transplant manufacturers about the quality but rather about the price of American auto parts.

He said that if costs of American parts were "1 or 2 percent or even 5 percent" higher than parts from Japan, it would make sense for transplants to source here. But when American parts cost more than that, Nogami said, the transplants do not find it justifiable to source them here.

TAX

FROM PAGE 1

helped drive one of the BMWs an hour or two from Aachen, Germany, to the port city does not establish that the cost of her trip to Paris was business-related," the court said. "In the absence of his wife, petitioner could have purchased a train ticket to return to Aachen."

The court concluded, "The airplane trip to and from Europe and the time spent in Paris were primarily personal in nature and not business-related. On the facts before us, we hold that no portion of the amount includable in petitioner's income with respect to the trip to Paris in 1984 is deductible as an imputed business expense."

"I was flabbergasted," said Wade. The dealer, who represented himself in the case, said he felt the judge didn't understand the nature of his trip to purchase the BMWs. "I wouldn't have gone unless I got the trip to do the business in Germany," he said.

Wade said he spent considerable time driving through Belgium, Germany and Switzerland looking for cars to buy and later resell in the United States. "I do the same thing here and they let me deduct the costs for business," he said.

"I bought several cars since then by virtue of the contacts I made on that trip. The judge really didn't understand what I was doing."

Industry experts agreed that such business deductions for dealers were being viewed much more closely.

"This area needs to be approached in a careful manner," cautioned Bill Guptill, a principal at Park, Guptill and Co., a West Covina, Calif., certified public accounting firm that specializes in dealer services.

"As a general rule, factories tend to be putting these trips on 1099 (compensation) forms and the burden of proof is on the taxpayer to prove that he or she was on business" during the trip, Guptill said.

He said those trips, as well as business travel expenses in general, are coming under closer scrutiny, but he said there is "nothing wrong with making a business trip out of a pleasure trip" but only if "you do your homework."

Guptill recommends that if a dealer is going to do business on an incentive trip, he should draw up a specific business plan. In the case of a side trip to buy cars, the plan should include contacts, estimates of the costs involved in acquiring the cars and what the dealer reasonably expects to make on the cars once they are resold in the United States. Guptill said such a plan ahead of time makes a much stronger case than trying to justify the deductions after the fact.

"I tell my clients that you can't jump on a plane to Paris and then go spend half a day over at a Jaguar dealer talking about his business. You might be able to deduct the cabfare over to the dealership, but not the airfare over to Paris and back," he said. "You have to be reasonable."

In another facet of the Wade case, the court took issue with the manner in which Wade reported that trip and four others as income. The trips were originally given by two Salt Lake City television stations to Subaru Intermountain (Wade's distributor) as rewards for buying air time. The distributor used the trips as prizes in sales contests among its dealers.

The television stations determined their total direct costs among all travelers on a pro-rata basis — i.e., if the trip package cost the station $250,000 and there were 60 trips awarded and 50 travelers actually made the trip, each traveler was allocated a cost of $5,000.

Wade reported the cost of each trip at $2,000 per person since three other people had paid that amount for tickets they purchased from other trip winners who decided not to go.

The court disagreed, saying, "Other than the fact of those isolated purchases, however, we know essentially nothing of the circumstances surrounding those transactions.

"The trips were purchased by the stations at a cost significantly below what their retail value was if they had been purchased individually. Under the circumstances of this case, the best measure of the fair market value of the awards is the allocable pro-rata portion o the television stations' total direc costs of the trips."

The court further held that the amount should be based on the total number of trips awarded and not just the total number of travelers who actually went.

Mid-March car sales dip

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Sales of domestic cars in the United States in the March 11-20 period fell 13.17 percent from the year-earlier total and snapped an upward streak that had begun at the start of the year.

Sales totaled 189,245 units compared with 217,939 a year ago in mid-March.

There were eight selling days in the period this year and nine last year. This year's daily selling rate was down 2.31 percent.

Declines in retail deliveries were reported by six of the seven makers that were building cars in the United States both years. Only Toyota had a gain. Its sales rose 17.49 percent to 1,169 units from 995 units in the similar 1987 sales period. Mazda, which began selling domestic cars in September, had retail sales of 743 units in mid-March.

Nissan had a 10-day sales decline of 44.34 percent and Volkswagen was down 22.26 percent. Ford Motor Co. reported a falloff of 19.36 percent; General Motors dipped 12.58 percent, and Chrysler Motors was off 2.83 percent. Honda's retail sales were down 2.38 percent in the period.

The domestic industry's daily selling rate in the March 11-20 span averaged 23,656 units compared with 24,215 last year.

DOMESTIC SALES

	March 11-20, 1988	March 11-20, 1987
Eagle	1,617	760
Chrysler	8,478	7,721
Plymouth	7,565	11,406
Dodge	12,749	11,760
Chrysler Motors	28,801	31,887
Ford	36,078	47,771
Mercury	11,068	15,525
Lincoln	5,618	4,651
Ford Motor Co.	54,168	67,677
Buick	12,512	14,662
Cadillac	5,108	6,888
Chevrolet	33,068	39,667
Oldsmobile	17,091	24,170
Pontiac	22,810	20,966
General Motors	90,179	106,353
Volkswagen	1,634	1,556
Honda	7,270	7,445
Nissan	1,459	2,621
Toyota	1,169	995
Mazda	743	—
U.S. Industry Total	189,245	217,939

PRODUCTION

Truck ouput tops million, leads 1987

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

United States truckmakers built their one-millionth truck of the year last Friday, 17 days ahead of 1987.

So far this year, 1,013,618 units have been built, 7.67 percent more than the 941,448 completed last year at this point.

Last week's scheduled truck production of 87,376 rose 3.26 percent from the previous week's 84,619 and was 12.50 percent more than the year-ago week's 77,671.

Auto production was targeted at 145,133 units last week, slightly higher (0.15 percent) than the prior week's 144,909 but 11.62 percent below the year-ago week's 164,212.

Year-to-date, 1,552,357 cars have been assembled, 22.89 percent below the 2,013,069 completed last year at this point.

Last week's scheduled car output was shared as follows: General Motors, 47.69 percent; Ford Motor Co., 24.04 percent; Chrysler Motors, 15.99 percent; Honda of America Manufacturing Inc., 5.61 percent; New United Motor Manufacturing Inc., 2.24 percent; Nissan Motor Manufacturing Co. U.S.A., 1.78 percent; Volkswagen of America, 1.38 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 1.27 percent.

Chrysler announced it will increase its second- and third-quarter production schedule by 56,000 units.

A Chrysler spokesman said much of the increase will come from its Jefferson Avenue plant in Detroit and its St. Louis plant.

The Jefferson plant will increase its daily output of Dodge Aries and Plymouth Reliant models about 7 percent, effective May 2. The St. Louis plant will increase production about 6 percent effective April 25. St. Louis assembles the Chrysler LeBaron J and Dodge Daytona models.

GM slated overtime last Saturday at its Detroit-Hamtramck; Willow Run, Mich.; and Flint, Mich., plants.

All assembly plants will be idle April 1 for Good Friday.

Car production in Canada hits 27-month high

Canadian automakers scheduled 26,245 units last week, the highest since the week ended Dec. 14, 1985, when 26,733 cars were built.

Last week's targeted production was 38.98 percent more than the prior week's 18,884 and 50.50 percent more than the year-ago week's 17,439.

So far this year, 264,707 cars have been built, 18.06 percent more than the 224,215 built last year at this time.

Truck output was scheduled at 19,675 last week, 1.97 percent below the previous week's 20,071 but 6.33 percent more than the year-ago week's 18,503.

Year-to-date, 230,291 trucks have been 14.11 percent more than the 201,818 completed last year at this point.

U.S. CAR	Week ended March 26, 1988	Week ended March 26, 1987	Week ended March 19, 1988	Week to date	Jan. 1 to March 26, 1988	Jan. 1 to March 26, 1987
Alliance	0	0	0	0	0	9,137
Total Eagle	0	0	0	0	0	9,137
Horizon	1,768	0	1,613	6,466	20,396	32,324
Sundance	2,100	2,228	2,198	8,111	25,446	27,915
Reliant	2,400	2,382	2,488	8,428	20,460	32,927
Caravelle	500	1,236	645	1,551	4,432	15,053
Gran Fury	160	0	169	466	2,566	4
Total Plymouth	6,800	5,844	7,033	24,902	73,242	108,223
LeBaron K	500	1,497	702	1,953	3,708	22,695
LeBaron J	1,800	2,911	1,954	7,326	12,826	21,111
LeBaron GTS	260	776	212	784	2,044	10,274
N. Yorker E-Class	0	2,408	0	0	0	21,982
N. Yorker C-Class	2,800	0	2,362	8,858	24,417	0
Fifth Avenue	200	1,002	249	1,151	11,040	4,448
Total Chrysler	5,060	8,613	5,279	18,732	53,035	80,397
Omni	1,700	0	1,577	6,304	16,920	27,744
Daytona	2,100	1,221	1,921	7,900	12,033	10,606
Shadow	1,900	1,907	2,288	8,244	26,308	24,947
Aries	2,300	2,343	2,244	7,194	16,560	28,548
Dodge 600	400	1,221	429	1,308	3,794	12,910
Dynasty	2,400	0	2,568	9,358	26,802	0
Lancer	160	888	184	764	2,764	7,906
Diplomat	300	180	548	1,732	4,970	101
Total Dodge	11,360	7,371	11,777	42,378	113,206	111,916
CHRYSLER MOTORS	23,220	21,828	24,089	87,097	240,283	300,675
Escort	4,252	6,303	4,480	12,988	61,084	93,305
Mustang	4,631	4,586	4,588	17,282	53,675	88,516
Tempo	4,400	4,432	4,515	15,917	49,414	49,801
Taurus	7,782	9,291	7,959	30,049	95,185	119,925
Thunderbird	3,451	3,372	3,451	12,552	36,149	36,816
Total Ford Div.	24,466	29,974	24,975	88,868	315,577	388,449
Lynx	0	1,076	0	0	0	15,226
Topaz	1,100	1,121	1,893	5,957	19,557	14,961
Cougar	2,300	3,354	2,309	8,391	20,089	48,536
Sable	2,703	3,495	2,634	10,186	30,041	37,874
Total Mercury	6,139	9,035	6,840	25,475	76,837	114,648
Continental	832	403	1,057	3,800	10,838	4,841
Mark VII	497	622	557	1,916	6,409	6,949
Lincoln	2,801	3,076	3,248	11,460	35,041	34,738
Total Lincoln	4,200	4,100	4,872	17,160	53,038	46,518
Total L-M Division	10,339	13,135	11,721	42,635	131,759	160,936
FORD MOTOR CO.	34,805	43,109	36,696	131,440	450,439	617,405
Skyhawk	1,093	894	1,057	3,226	8,256	11,611
Skyvark/Gemenet	330	0	386	1,420	6,744	21,013
Century	3,030	4,198	2,214	7,799	13,947	51,864
Regal (rwd)	0	976	0	0	0	11,800
Riviera	186	165	186	586	1,739	5,861
Electra	1,276	2,522	1,286	4,829	16,971	27,709
LeSabre (fwd)	3,375	2,902	2,300	10,202	29,893	27,137
LeSabre (rwd)	210	366	222	801	1,670	5,386
Reatta	134	0	110	416	668	0
Total Buick	9,626	11,043	7,951	29,282	79,910	162,297
Cimmaron	146	489	127	574	2,905	5,535
Eldorado	1,210	613	1,161	4,305	8,383	4,672
Seville	723	586	694	2,582	5,566	7,376
Brougham (rwd)	213	2,122	213	436	423	34,300
Deville (fwd)	4,090	8,966	4,018	15,173	46,818	45,694
Allante	86	76	86	248	531	611
Total Cadillac	6,357	7,780	6,270	23,308	64,626	98,191
Cavalier	7,232	8,000	7,144	27,289	76,964	92,039
Camaro	2,325	2,949	2,230	8,322	13,732	21,099
Celebrity	3,466	8,782	3,961	11,982	36,532	100,741
Corsica/Beretta	8,999	5,071	9,196	34,472	96,863	99,363
Monte Carlo	0	2,000	0	0	0	16,727
Caprice	3,466	5,878	3,139	12,586	47,868	56,226
Corvette	440	625	440	1,883	5,198	7,728
Total Chevrolet	25,877	30,276	26,111	94,233	279,157	397,903
Cutlass	2,020	0	2,088	7,820	24,770	38,809
Firenza	497	294	490	1,468	3,966	5,337
Cutlass Ciera	0	3,506	0	0	0	46,830
Cutlass Supreme	2,216	1,640	2,218	8,126	22,911	14,210
Toronado	487	402	488	1,783	4,148	4,675
88 (fwd)	3,361	4,867	3,389	12,536	36,445	58,984
88 (rwd)	295	372	247	888	3,119	4,776
Olds 98	1,830	1,888	1,830	6,949	21,209	23,288
Total Oldsmobile	10,714	12,978	10,733	39,532	115,872	196,811
Bunbird	2,182	2,945	2,016	7,843	25,748	31,019
Grand Am	4,888	5,188	4,813	18,257	57,748	86,222
Firebird	1,786	2,349	1,826	5,276	11,837	16,786
Grand Prix	2,041	0	2,041	7,561	24,348	0
Pontiac 6000	2,950	2,546	2,080	9,236	13,333	22,486
Bonneville	2,077	3,199	2,082	7,749	21,802	37,986
Sabel/Parisienne	195	337	219	717	1,888	3,322
Fiero	810	1,198	818	2,288	4,241	9,889
Total Pontiac	16,880	17,519	15,714	59,082	161,844	189,842
GENERAL MOTORS	69,224	83,476	66,799	245,317	699,212	986,044
HONDA	8,140	8,788	8,039	29,161	89,362	84,971
Civic	2,225	1,675	2,127	7,709	21,232	30,151
Accord	5,915	5,113	5,912	21,492	65,180	54,120
MAZDA†	1,840	0	1,821	6,532	14,784	0
NISSAN	2,584	2,986	2,178	7,321	18,284	36,096
NUMMI	3,250	3,977	3,287	12,532	38,147	48,651
Corolla	1,200	874	1,213	4,605	13,460	9,951
Nova	2,050	3,103	2,074	7,927	24,687	38,700
VOLKSWAGEN	2,000	2,045	2,089	7,036	15,815	19,929
Golf/GTI	1,300	1,786	1,320	4,976	10,515	17,429
Jetta	700	259	700	2,060	5,300	2,500
Total Cars, U.S.	145,133	164,212	144,909	527,098	1,552,357	2,013,069
Total Cars, Canada	26,245	17,439	18,884	65,099	264,707	224,215
U.S., Canada Cars	171,378	181,651	163,793	612,737	1,817,064	2,237,284
U.S., Canada Cars and Trucks	278,428	277,925	260,483	1,016,974	3,060,973	3,390,676

CANADIAN CAR	Week ended March 26, 1988	Week ended March 26, 1987	Week ended March 19, 1988	Week to date	Jan. 1 to March 26, 1988	Jan. 1 to March 26, 1987
Eagle	0	—	0	0	0	—
Premier	1,860	—	0	3,038	16,090	—
CHRYSLER MOTORS	1,860	185	0	3,038	16,090	1,855
Escort	0	—	0	0	0	—
Lynx	0	—	0	0	0	—
Tempo	4,402	—	4,345	16,565	49,868	—
Topaz	1,358	—	1,330	5,107	17,612	—
Crown Victoria	2,880	—	2,837	10,836	33,927	—
Grand Marquis	2,880	—	2,846	10,837	33,252	—
FORD MOTOR CO.	11,920	11,487	11,357	43,348	134,679	134,611
Celebrity	335	—	355	1,187	4,271	—
Cutlass Ciera	7,805	—	8,377	22,509	54,143	—
Cutlass Supreme	0	—	0	0	0	—
Grand Prix	0	—	0	0	0	—
Pontiac 6000	1,120	—	570	2,482	11,002	—
Regal	3,245	—	355	1,701	35,519	—
GENERAL MOTORS	12,205	5,361	8,657	36,099	104,935	88,336
HONDA	730	201	730	2,703	7,988	1,713
VOLVO	140	225	140	521	1,467	2,700
Total Cars, Canada	26,245	17,439	18,884	65,099	264,707	224,215

U.S. TRUCK*	Week ended March 26, 1988	Week ended March 26, 1987	Week ended March 19, 1988	Week to date	Jan. 1 to March 26, 1988	Jan. 1 to March 26, 1987
Caravan	2,350	—	1,884	8,328	24,383	—
Dakota	2,800	—	2,884	10,748	28,388	—
Mini-Ram Van	350	—	288	1,050	3,847	—
Pickups	1,300	—	1,371	5,164	13,871	—
Total Dodge	6,750	6,467	6,467	25,288	70,287	80,582
Cherokee	3,100	—	3,080	15,301	43,173	—
Commanche	1,000	—	1,099	3,777	11,973	—
Grand Wagoneer	0	—	360	976	3,142	—
Pickups	0	—	0	0	0	—
Wagoneer	180	—	282	942	3,222	—
Total Jeep	4,280	4,410	5,512	18,996	61,510	83,884
Voyager	2,000	—	1,708	7,424	22,301	—
Total Plymouth	2,000	—	1,708	7,424	22,301	—
CHRYSLER MOTORS	13,000	9,867	13,707	51,710	154,108	114,466
Aerostar	5,180	—	4,410	17,461	55,497	—
Bronco	1,300	—	1,274	4,895	15,153	—
Bronco II	3,089	—	2,996	11,378	36,605	—
Econoline	5,119	—	5,223	19,696	61,511	—
Heavy trucks	1,392	—	1,381	5,238	16,110	—
Light trucks	11,088	—	10,365	41,372	122,721	—
Ranger	7,371	—	7,418	28,011	86,061	—
Total Ford Div.	34,462	29,036	33,065	128,000	395,660	392,100
FORD MOTOR CO.	34,462	29,036	33,065	128,000	395,660	392,100
Astro	3,223	—	3,903	13,466	42,500	—
Blazer	522	—	457	2,078	6,556	—
Medium/Heavies	340	—	395	1,189	5,854	—
P-Model	618	—	0	1,322	9,118	—
Pickups	7,088	—	8,530	28,002	76,150	—
S-10	6,844	—	5,527	22,898	66,442	—
S-10 Blazer	3,522	—	3,779	13,982	36,993	—
Sportsvan/Van	1,447	—	1,724	5,987	16,914	—
Suburban	1,418	—	1,211	5,653	17,244	—
Total Chevrolet	24,812	21,781	23,486	92,586	277,773	273,084
Jimmy	182	—	200	743	2,183	—
Medium/Heavies	911	—	992	3,825	11,137	—
P-Model	404	—	0	523	1,128	—
Pickups	2,764	—	2,497	8,793	25,047	—
S-15	1,448	—	1,633	6,259	18,183	—
S-15 Jimmy	998	—	985	2,959	8,691	—
Sierra	815	—	936	3,498	10,950	—
Suburban	647	—	782	2,810	9,021	—
Vandura/Rally Vans	933	—	576	2,896	10,748	—
Total GMC	8,942	7,197	8,181	31,782	96,068	93,972
GENERAL MOTORS	33,754	28,978	31,677	124,370	375,841	367,056
NAVISTAR	1,748	1,808	1,723	6,380	20,940	18,774
NISSAN	1,878	1,801	1,707	7,462	34,089	20,852
AM GENERAL*	450	50	450	1,710	5,400	600
MISCELLANEOUS*	2,300	2,300	2,300	8,740	27,600	27,600
Total Trucks, U.S.	87,376	77,671	84,819	328,321	1,013,618	941,448

CANADIAN TRUCK	Week ended March 26, 1988	Week ended March 26, 1987	Week ended March 19, 1988	Week to date	Jan. 1 to March 26, 1988	Jan. 1 to March 26, 1987
Caravan	3,048	—	3,075	11,884	36,841	—
Mini-Ram Van	338	—	342	1,296	3,195	—
Ram Wagon	590	—	562	2,118	5,490	—
Ram Van	1,300	—	1,388	5,228	13,721	—
Total Dodge	5,274	3,745	5,377	20,314	59,047	108,136
Voyager	2,780	—	2,803	10,613	34,183	—
Total Plymouth	2,780	—	2,803	10,613	34,183	—
Wrangler	1,018	—	1,089	3,980	12,180	—
Total Jeep	1,018	641	1,089	3,980	12,180	7,594
CHRYSLER MOTORS	9,052	9,366	9,249	34,907	105,390	113,730
FORD MTR. (lt. trks.)	3,648	3,510	3,680	13,839	43,075	39,756
Light trucks	3,375	—	3,224	12,481	38,076	—
Vans	1,500	—	980	4,813	15,248	—
Total Chevrolet	4,875	—	4,204	17,293	53,324	—
Light trucks	1,425	—	1,789	6,431	18,661	—
Vans	450	—	945	2,529	7,184	—
Total GMC	1,875	—	2,734	8,960	25,845	—
GENERAL MOTORS	8,759	5,412	6,938	26,253	79,169	65,964
NAVISTAR	225	195	224	857	2,857	2,308
Total Trks., Canada	19,676	18,568	20,071	75,856	230,291	201,818
U.S., Canada Trks.	107,051	96,174	104,890	404,237	1,243,909	1,143,266

NOTE

Some charts and graphs were color-coded in the original document. While it has not been possible to reproduce these items in color, their equivalent values on the black-and-white scale are often distinct enough to convey the same information as the original colors.

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U.S. slaps Japan on parts buys

Commerce notes 'negative perceptions' as '87 exports fall 9%

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The U.S. Commerce Department told the Japanese Ministry of International Trade and Industry it is troubled that exports of U.S.-manufactured automobile parts to Japan have decreased 9 percent in the past year.

It expressed "concern over the apparent persistence of attitudes in the Japanese press and elsewhere which, by implying U.S. suppliers are not competitive, hinder U.S. sales and increase tension."

The meeting between Joan McEntee, U.S. deputy assistant secretary of commerce, and Katsuhiro Nakagawa, director of MITI's automobile division, took place here Feb. 18.

Last week, Automotive News obtained a U.S. Department of Commerce cable summarizing the meeting. The disclosure follows criticism of U.S. suppliers by Osamu Nobuto, president of Mazda Motor Manufacturing (USA) Corp. (Automotive News, March 28). Nobuto harshly criticized U.S. auto parts manufacturers for not meeting Mazda's quality and delivery requirements.

Release of the cable coincided with publication of a U.S. General Accounting Office report on investment and sourcing decisions by Japanese automakers in the United States.

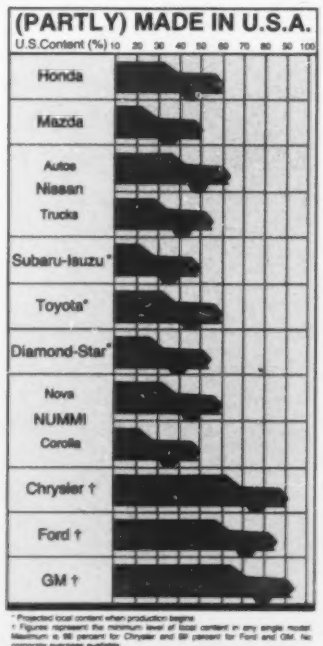
The report, titled "Foreign Investment: Growing Japanese Presence in the U.S. Auto Industry," said that U.S. auto-related employment will likely be substantially lower in 1990 than in 1985.

That will be due to gains in worker productivity, increased use of foreign parts by U.S. automakers and increased imports.

The report projected the loss of as many as 360,000 auto-related manufacturing jobs in the United States in the 1985-90 period. It said, "The operations of Japanese-affiliated automakers in the United States could result in even more losses because they use fewer workers and more foreign content than U.S. automakers."

According to the Commerce Department cable, McEntee told Nakagawa, "Given the increasing price and competitiveness of U.S. products and the commitment of Japanese companies to open their supply net-

see COMMERCE, page 62



* Projected local content when production begins.
† Figures represent the minimum level of local content in any single model. Maximum is 90 percent for Chrysler and 89 percent for Ford and GM. No corporate averages available.
Source: General Accounting Office

Trade bill 'won't kill us,' say importers

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Congressional leaders reached agreement last week on the major elements of trade legislation they will send to President Reagan.

The bill is considerably weaker than earlier versions passed last year in the House and Senate, but the White House threatened a veto of the measure anyway.

Car dealers stopped short of declaring victory following the close of last week's House-Senate conference, yet acknowledged the bill is considerably less threatening than legislation approved in 1987.

Frank McCarthy, executive vice president of NADA, said the association is "pretty pleased" with the bill. "We realize that it is a 1,000-page bill that is going to impact trade one way or another, but the provisions we were most concerned about have been eliminated."

Robert McElwaine, president of the American Import Automobile Dealers Association, said, "The bill could hurt us perhaps, but it won't kill us."

McElwaine and McCarthy said they were pleased the trade conference committee decided to reject a controversial amendment sponsored by Rep. Richard Gephardt, D-Mo.

The amendment would have required mandatory retaliation against nations that practice unfair trade if they also run large trade surpluses with the United States. The amendment had been supported by organized labor, Ford Motor Co. and Chrysler Corp., but was opposed by vehicle importers

see TRADE, page 62

Big public U.K. dealer makes move into U.S.

By Richard Feast
AUTOMOTIVE NEWS STAFF REPORTER

Lex Service PLC, the publicly owned automotive group that is the largest retailer of cars and trucks in the United Kingdom, has agreed to buy a major shareholding in Campbell Automotive Group Inc., Orange County, Calif.

The $13.5 million deal requires the approval of the seven auto companies whose products are sold by Campbell. These include Ford Motor Co., Campbell's largest-volume franchise.

Domestic manufacturers have traditionally been opposed to public ownership of their dealerships. Ford and Campbell's other six suppliers — Audi, Mazda, Mitsubishi, Nissan, Porsche and Volkswagen — were last week studying the implications of the proposed sale.

There was little indication how the companies would react, but the development seems destined to hasten the spread of public ownership of auto dealerships in the United States.

Meanwhile, the first new-car dealership public offering is well under way. Stock for Steven Motors Inc., the Wichita, Kan., new-car dealer holding company, was being offered in seven states last week.

Lex is proposing to invest $13.5 million for a 50-percent share in Campbell. The company describes the sum as being equal to the net asset value of the business prior to the investment.

John Campbell, president of Campbell, will continue in the same position with the joint-venture company.

"We've met with all the manufacturers, and they're going through the process of reviewing the situation. It would not be appropriate for me to comment further," Campbell said last week.

David Beck, managing director of Lex Retail Group and the person who spearheaded the group's U.S. expansion plan, took a similar line. "We're discussing it with all franchisors. It would be inappropriate to comment at this stage."

Ford is reviewing the proposed sale. As in any other case in which a dealership changes hands, the deal must be approved by the company.

A Ford spokesman explained that as a matter of policy the company does not flatly oppose public ownership of dealerships. It just does not like to see it.

Ford believes privately held dealerships can keep closer watch and tighter control over the franchise agreement than publicly owned operations.

A Volkswagen of America spokesman said the company has no formal policy on the issue of public ownership, but another official said the company realizes that publicly owned dealerships will become more common and VWoA apparently will not oppose them.

Campbell and Beck first met after last year's NADA conference. They began more detailed discussions last July — at about the time that Automotive News revealed Lex's plan to expand from its British auto retailing base into the United States (Automotive News, July 13).

A joint statement released last week from the two companies said, "The investment will enable Lex to gain a greater understanding and experience of the U.S. retail automotive market.

"In turn, through the Lex involvement, Campbell will benefit from Lex's long-range experience in managing a large retail automotive group."

Asked whether Lex is still on the lookout for further U.S. acquisitions, Beck said, "This venture fits our immediate needs. The longer term depends on the success of this venture."

Campbell Automotive Group recorded sales

see PUBLIC, page 62

Saturn pitch risks agency's Sterling ads

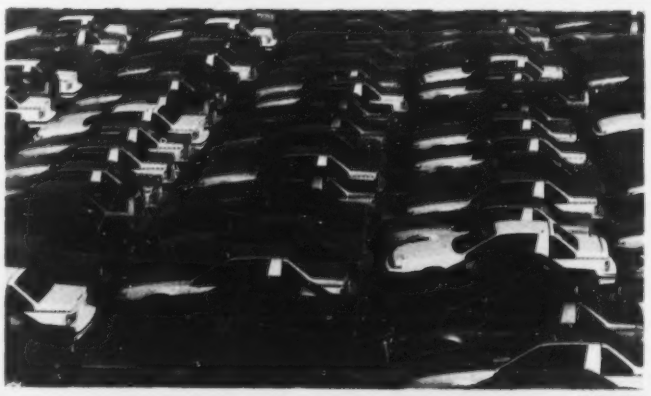
By Raymond Serafin
CRAIN NEWS SERVICE

General Motors's Saturn subsidiary narrowed its list of advertising agency candidates to three last week.

The review has jeopardized the relationship between finalist Hal Riney & Partners and Riney's current automotive client, Miami-based Austin Rover Cars of North America, importer of Sterling.

The other finalists are N W Ayer, New York, and Hill, Holliday, Con-

see SATURN, page 64



CINDY LEWIS

Preliminary figures indicate Nissan will ship 475,544 units for the Japanese fiscal year, approximately 66,200 units under the company's quota

Nissan plunge pulls Japan below car-export quota

By Mary Ann Maskery and Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTERS

TOKYO — Largely as a result of high inventories and lagging sales at Nissan, Japanese automakers will fall short of the 2.3 million cars they were allowed to export to the United States last year.

Japanese automakers are expected to ship 70,000 to 100,000 units fewer than their voluntary restraint agreement quota would have allowed for the 12 months ended March 31.

Nissan Motor Co. in U.S.A. will account for most of the shortfall.

Preliminary figures from Japanese sources indicate Nissan will ship 475,544 units for the Japanese fiscal year, approximately 66,200 units under the company's quota.

Most other makers are expected to ship 2,000 to 3,000 units fewer than their allocation allowed — or about one shipful, according to Japanese sources.

On the U.S. side, spokespersons

see VRA, page 62

Korea looks abroad on engines, styling Page 2
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N.Y. hits secret warranties

Bill would require notices to owners

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — The New York attorney general last week announced introduction of legislation to ban secret warranties in the state, saying they have cost consumers nationwide $3 billion during the past 10 years.

Attorney General Robert Abrams announced the bill — the first of its type in the nation — and called secret warranties an industrywide practice.

Secret warranties are special adjustment programs established by automakers under which they agree to pay for all or part of specific repairs not covered by standard warranties.

A spokesman for the Motor Vehicle Manufacturers Association said he had not seen the bill and had no comment.

In Albany, N.Y., Norma Sharp, executive vice president of the New York State Automobile Dealers Association, said she has not seen the legislation. However, she said she believed the attorney general may be using the term secret warranties "rather loosely."

"He may be calling something a warranty that is not a warranty," she said.

Abrams said that the adjustments are routinely revealed to dealers in service bulletins, which may or may not be read and implemented. Manufacturers occasionally issue press releases, which may not be printed. The bill would require manufacturers to notify consumers of those programs.

Now, Abrams said, since only dealers are notified, consumers often are unaware of the free or reduced-cost repairs.

"Auto manufacturer and dealers routinely deny the existence of special-adjustment programs when consumers complain, so we call them 'secret warranties,' " Abrams said. "This bill would make it illegal for manufacturers to withhold information about an established policy to pay all or part of the cost of a repair beyond the terms of the warranty."

Abrams' office earlier this month called the customer-service representatives of 24 domestic and foreign auto manufacturers. Only one

see WARRANTIES, page 63

AUTOMOTIVE NEWS/JOE WILKENS

50 of a kind for Corvette Challenge
Race teams competing in the Sports Car Club of America's new 10-race, $1 million Corvette Challenge series picked up the 50 identically prepared cars from Chevrolet headquarters in Warren, Mich., last week. The cars are like all other 1988 Corvettes except for roll bars, racing seats, racing mag wheels and other safety equipment. The Corvette Challenge series begins May 1 as part of the Grand Prix of Dallas and ends in St. Petersburg, Fla., Oct. 23. In addition to the $1 million prize fund, race teams and dealers will vie for $25,000 that will go to the best Chevy dealer promotion held in conjunction with the racing series.

GM parts divisions told to reduce ads

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors' component-making divisions have been told to reduce advertising expenditures to help the corporation meet budget objectives for the 1988 model year.

Each division is responsible for how much it will reduce advertising; however, last week GM's Delco Products and Saginaw divisions announced that they would stop advertising for the rest of the 1988 model year, according to GM sources.

"I think that the corporation just looked at its profit and budget targets and decided to make the move now," said a GM agency source.

The announcement came shortly after all GM divisions received a letter from Robert T. O'Connell, GM vice president and group executive — financial group, ordering them to reduce discretionary expenditures.

The component operations are being scrutinized closely by both GM and the UAW to ensure that each division and plant is meeting cost and quality goals. Plant-by-plant plans to meet those goals are to be submitted to GM by June 30.

"There's been a hold on everything; cancellation may be too strong a word" for the components divisions' advertising cutbacks, said a spokesman for GM's Inland Division in Dayton, Ohio, which makes seats, interiors and steering wheels.

"We've just been asked to be careful on discretionary items," said the spokesman.

GM has said that about 10 percent of components it makes cost more than if they were purchased. The company is trying to identify non-competitive operations and improve or close them.

In the last two years, GM has announced that it would close or partially close several of its manufacturing facilities, including five component plants.

Saginaw Division, headquartered in Saginaw, Mich., produces steering mechanisms, axles, differential assemblies and front disc brake assemblies.

Delco Products in Dayton, Ohio, produces heating and cooling equipment, windshield washer systems, electronic components, bumper components, struts and springs.

One GM advertising source said that — unlike GM's car divisions — the two component divisions that halted ad spending are not dependent on advertising to keep up sales momentum.

"There also has been a question of whether GM needs to advertise its component division," he said. —

The two agencies that will be hit hardest by the ad cancellations are Lintas:Campbell-Ewald, which handles Delco Products, and Leo Burnett USA, which handles Saginaw Division.

Audi reports U.S. loss, beefs up ad campaign

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Audi of America lost $120 million in 1987 as sales dropped, marketing costs rose and the company continued to wrestle with allegations of unintended acceleration.

The earnings announcement, made by Audi AG Chairman Ferdinand Piech last week, came as Audi expanded its first advertising campaign in response to questions about the safety of Audi cars.

The company also submitted a report to NHTSA which, the company said, demonstrates that its shift-lock device prevents cars from taking off uncontrollably. The Center for Auto Safety, a consumer advocate group, disputed Audi's conclusion.

Piech told a group of journalists in West Germany that the company's U.S. sales arm lost 200 German marks ($120 million) last year. Volkswagen AG does not normally break down the financial results between its Audi and Volkswagen divisions in the United States.

The losses do not come as a surprise. Audi unit sales dipped 31 percent in the United States in 1987, the second year of sharp declines. Last year Audi nearly doubled its sales and marketing budget, launching the Audi 80 and 90 series and offering discounts worth as much as $5,000 on some of its cars.

In its report to NHTSA, Audi said that since September 1986, when it began recalling the Audi 5000 to install shift locks, the company has received 396 complaints from drivers who have the devices in their cars. The shift lock forces drivers to depress the brake before shifting into drive or reverse. The complaints included reports of poor idle performance that fell under the broad category of "unwanted engine power."

Of the reports, 174 involved accidents and there were 36 personal injuries and no deaths, a spokesman said. None of them were "headline type" accidents — such as a case last fall where a New Jersey vehicle inspector was injured when an Audi 5000 he was driving apparently surged out of control and struck a tree. That incident is still being investigated, said the spokesman.

Audi said that in all but 22 reports, the incidents did not fit the "sudden-acceleration pattern" where cars allegedly have taken off at full throttle when shifted into gear and the brakes have failed. And in each of the 22, Audi later tested the brakes and found that they worked.

Fifteen of those 22 involved shift locks that didn't work; all but one were installed improperly. The balance of the 22 occurred when cars were shifted from neutral into gear. The shift lock isn't designed to operate from neutral.

Clarence Ditlow, head of the Center for Auto Safety, said Audi's report is further evidence that the shift lock isn't the answer.

"If someone admits that they have 394 incidents of unintended acceleration and has to spend 60 pages explaining it, they obviously have a problem," he said. "If the shift lock worked, you wouldn't have these incidents."

Audi, however, said that any type of complaint is recorded by the company and included in its report to NHTSA. Among the complaints, the spokesman said, are two incidents in which owners reported that their unoccupied cars jerked forward as they left conveyers at the end of a car wash.

Piech: Audi's U.S. sales arm lost 200 German marks ($120 million) last year

Others included cars skidding on slick pavement and collisions at intersections. Some incidents have closely resembled unintended-acceleration cases. "It's obvious why the owner would think that that was unintended acceleration, but it was not," the spokesman said.

The range of reports indicates that "the general public does not know what the classic case of unintended acceleration is," the spokesman said.

Audi made the shift locks standard on its 1987 models with automatic transmissions. It has investigated 16 complaints on those models and said they did not fit the unintended-acceleration definition. There have been no complaints on 1988 models, Audi said.

Audi hasn't finished its study on 65 of the 396 complaints. In addition, there have been 703 reports involving cars without shift locks. The spokesman said the company is giving priority to the cases involving shift locks and hasn't yet studied the others.

In its report, Audi contends that 73 percent of owner complaints came after publicity surrounding the Audi 5000 began snowballing in March 1986.

Audi is touting the merits of the shift lock in a new advertising campaign that began in major newspapers March 25 and expanded into national magazines last week.

The campaign marks a turnabout in the company's approach to the issue. Previously, Audi had felt alone in confronting the problem, explained Tony Kirton, Audi's marketing director. But now there is a growing awareness of the industrywide nature of the problem.

Audi is also working on a public relations campaign that will, in part, address the issue in ways other than commercial advertising. Proposals are being developed by Audi's New York agency and are expected to be presented to company officials next week.

The ads are one- or two-page spreads that picture an Audi 5000 beneath a bold headline: "It's time we talked." They suggest that Audi erred at first when it decided to let the facts speak for themselves.

"Our silence not only offended our loyal customers but also prejudiced potential customers against us."

The ads cite studies that indicate there is no safety defect in the car. And they point to the Japan Automobile Manufacturers Association's recommendation that its member companies install shift locks in their cars with automatic transmissions.

The magazine and newspaper segments are the first in a series of print ads that are scheduled to appear through June. Others will focus on safety, quality and the company's new guaranteed trade-in value plan, Kirton said.

Staff reporter Matt DeLorenzo in Washington contributed to this story.

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Kellogg emphasizes ground effects
Kellogg Manufacturing, Elkhart, Ind., goes in for heavy ground effects on its van conversions. Front and rear fiberglass spoilers complement the vehicle's exterior paint scheme, with the raised roof, built-in TV antenna, sunroof and sharply contoured design rounding out its contemporary look.

Big 3 plan for bigger share of van-conversion market

TRUCKING TRENDS

JOSEPH BOHN

The lucrative van-conversion business has attracted the attention of Detroit automakers who would like a bigger piece of the action.

Some industry reports say that when the automakers redo their full-sized vans in the early 1990s, they're going to put all the fasteners and other components on the inside, as they do with minivans.

That will give them more flexibility to create different interiors as the vans come down the line — edging them farther into the van-conversion market.

"That's a 200,000-unit market they're not getting any part of right now because of the way their cargo vans come down the line," one observer pointed out.

The best guess is that the manufacturers are likely to knock out quite a few of the small converters, leaving the low- and high-priced ends of the market to well-established conversion firms.

General Motors and Chrysler Motors will be the first to introduce new full-sized vans in 1990-91, followed by Ford shortly afterward.

Suburban's future

GM isn't sure whether — or how — to replace its aging Chevrolet/GMC Suburban and Crew Cab models.

The company is studying choices that include creating totally new Suburbans, Crew Cab pickups and Blazers/Jimmys off its new C/K pickup platform; dropping some or all of those existing models; or continuing to produce some in combination with new models.

GM's full-sized vans fall into a totally different category than any of those vehicles because they use unibody construction.

The company couldn't build a new Suburban derivative from its new full-sized vans unless it went to a frame version of the van.

GM is now building Suburbans off the leftover Crew Cab pickup — a remnant of its old-style pickups.

Reportedly, company officials believe they don't need the Crew Cab any more because the new extended-cab model in the C/K series is adequately taking care of those customers.

The Crew Cab is reportedly due to be dropped. At the time GM moved Crew Cab production to Janesville, Wis., officials said the model would be produced until July 1989.

If GM drops the Crew Cab, the only model it will still need that tooling for is the Suburban.

Industry observers point out that the tooling on the current Suburban is pretty well worn out, as evidenced by its fit and finish, which requires a lot of cleanup after production.

The Suburban itself also has a rather rough ride.

GM officials reportedly don't like the high costs of building and maintaining the vehicle at its plant in Flint, Mich.

And the cost of bringing out a new Suburban will be immense because the vehicle will require basically all new tooling, and it will have to be brought into line with the automated assembly and manufacturing processes GM is now using in other plants.

Ford reportedly spent $500 million for its upcoming four-door Bronco II, due in the mid-1990 model year, and that was just for the frame and some related componentry.

Ford will be able to use many of the parts from the two-door Bronco II to produce its new four-door model. But in GM's case, the Suburban will require totally new components from the ground up.

Regardless of what GM finally decides, it will not abandon the Suburban market, even if sales of that vehicle continue to drop.

Combined Chevrolet/GMC Suburban sales were 77,072 last year, off from 81,207 in 1986.

It appears that the auto companies now have the flexibility to produce vehicle lines profitably in low volume.

In the past, they would frequently leave low-volume vehicles to private conversion firms and other outside companies to product.

But industry sources said the auto companies now appear capable of profitably producing vehicles with sales as low as 40,000 or 30,000 units annually.

Van conversions enjoy a boom

But smaller dealers say they've been hurt by new GM policy

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

The spring van-conversion market is booming, fueled partly by buying incentives.

However, GM's program of limiting drop shipments of seat-delete vans only to dealers who order at least 100 of them has hurt a lot of small Chevrolet and GMC outlets of non-pool converters.

GM extended its $500 rebate on full-sized G vans through May 11. Chrysler is offering $1,000 rebates on its full-sized vans indefinitely, and Ford is offering $500 rebates on Aerostar vans through May 11.

"Business is so good, it's almost caught us (the Elkhart, Ind., conversion community) off guard," said William Snook, president of Coachmen Vans and Consolidated Leisure Industries.

"When the weather broke, sales picked up to the point where there were not enough chassis to fill orders," Snook added.

Supplies of Ford and Chevrolet vans are the tightest.

"Every guy in town is in the same situation. We wish we had more chassis. Business was kind of slow, and then it really opened up," Snook said.

GM's restrictions on drop shipments forced some converters to switch supply sources and cut others off totally.

In Romulus, Mich., Robert Wolf, president of Advanced Creations, said GM's program has hurt every non-consignment pool converter.

That's because "sales are tremendous, and we are fighting for every chassis right now," he said.

Wolf, who primarily converts Chrysler and Ford vans, has seen his GM conversion business dry up since GM's program went into effect in January.

He theorized that GM was trying to protect its consignment pool converters from regional converters who were not building units according to government standards.

"But a lot of us (non-consignment-pool converters) belong to the Recreation Vehicle Industry Association. Even though we're not in the GM pool, we do things according to Hoyle," he added.

GM sources say, though, that restricting drop shipments was intended to provide the company with an order bank and to balance its year's production of vans.

It was intended to better control distribution of the non-bailment pool vans for the upfit market.

But, in reality, it has distorted the market and hurt smaller dealers who typically ordered limited numbers of chassis for non-pool converters.

Dennis Hite, new-car sales manager for Mark Chevrolet, Wayne, Mich., called it "an extremely dumb program." He said, "They did it to try to eliminate the big dealers who were running through hundreds of units on a fleet basis and selling them to conversion companies.

"But, in reality, it's only made the Paul Sherrys (Paul Sherry Chevrolet-Chrysler, Piqua, Ohio) and the Jim Johnsons (Jim Johnson Chevrolet, Richardson, Texas) stronger," he said, citing dealerships that sell several thousand van chassis yearly.

"It has given those guys more strength," Hite said. "I sell 120 a year. I could step up and order my 100; but in March and April, they would trickle in. In June, I'd get a few more and, guaranteed, by buildout time in July/August — when you don't want chassis; you want to have your inventory all set — I'd get 30 or 40.

"This program has eliminated me from using local conversion companies," said Hite. He previously supplied Advanced Creations, but said he can't anymore because "I can't get the empty chassis."

Hite said he is now forced to use bailment pool converters because, under their arrangement with those converters, the auto companies floorplan the cost of the chassis until they are converted and sold back to the dealer.

Hite said that with non-consignment pool orders, he risks floorplanning the cost of the vehicles himself.

RV wholesale shipments up 5% for 1987

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Recreational Vehicle Wholesale Deliveries

	January 1988	January 1987	% change	1 month 1988	1 month 1987	% change
Travel trailers	5,000	5,700	– 12.3	5,000	5,700	– 12.3
Park Trailers	700	600	+ 16.7	700	600	+ 16.7
Travel trailers—fifth wheel	2,600	2,000	+ 30.0	2,600	2,000	+ 30.0
Folding camping trailers	3,400	2,800	+ 21.4	3,400	2,800	+ 21.4
Truck campers	500	600	– 16.7	500	600	– 16.7
Towable RV total	12,200	11,700	+ 4.3	12,200	11,700	+ 4.3
Conventional (type A)	2,800	2,300	+ 0.0	2,800	2,800	+ 0.0
Van Campers (type B)	300	600	– 50.0	300	600	– 50.0
Chopped vans (all)	1,500	2,000	– 25.0	1,500	2,000	– 25.0
Motor home total	4,600	5,400	– 14.8	4,600	5,400	– 14.8
Van conversions	14,000	14,100	– 0.7	14,000	14,100	– 0.7
TOTAL ALL RVs	30,800	31,200	– 1.3	30,800	31,200	– 1.3

Source: Recreation Vehicle Industry Association

Total RV wholesale shipments increased 5.45 percent in calendar 1987 to reach a nine-year high of 400,200 units.

The wholesale value of those shipments was a record $6.84 billion, up 10.85 percent from $6.17 billion in 1986, according to the Recreation Vehicle Industry Association's wrapup and analysis of industry results.

Average wholesale prices advanced moderately for almost every RV category with most groups in the 5 percent range. Type B van campers increased the most over 1986, while the average wholesale price of conventional travel trailers was slightly lower than a year earlier.

The value of van-conversion shipments rose a strong 5.84 percent. The industry shipped $3.116 billion worth of van conversions, up from $2.944 billion in 1986.

The average wholesale-unit price of a van conversion was $17,131, up 5.83 percent from $16,187 a year earlier.

California was the biggest market for van conversions. It accounted for 12.55 percent of van-conversion shipments, followed by Ohio with 7.81 percent and Illinois with 7.52 percent.

Michigan accounted for 6.68 percent of the van-conversion shipments; Florida, 6.85 percent; and Texas, 5.15 percent.

The East North Central region, comprising Illinois, Indiana, Michigan, Ohio and Wisconsin, accounted for 27.57 percent of the van-conversion shipments.

That was followed by the South Atlantic region, made up of Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia, which accounted for 18.50 percent of the shipments.

Behind that, the Pacific region, including Alaska, California, Hawaii, Oregon and Washington, accounted for 15.52 percent of the shipments.

California was again the top state for overall RV shipments, accounting for 14.14 percent of all RVs shipped.

Florida gained runner-up standing last year by accounting for 6.14 percent of all RV shipments, while Michigan slipped a notch to No. 3 with 5.77 percent.

Meanwhile, industry unit shipments topped 1986 levels in all but one month, with five of the 12 months being the highest in the past decade, the association said.

April was again the year's highest shipment month, as it has been for the past four years, with deliveries to retailers topping 40,000 units.

First-quarter shipments of 102,200 units were 4.00 percent better than in 1986, buoyed by increased shipments of conventional travel trailers, truck campers and type A motor homes. Van-conversion shipments were off during the period.

RV wholesale shipments showed less of a seasonal variation in quarter-to-quarter results last year. While actual second-quarter shipments increased to 112,600 units, they were down 10.20 percent, seasonally adjusted, from the first quarter.

Second-quarter results were the best quarterly total since the same period in 1984, the association said.

Deliveries in May, June and July closely followed the pattern set in 1986 and allowed the industry to catch its breath for the strong third quarter when shipments increased more than 10 percent on a seasonally adjusted basis.

The first half of 1987, in fact, ran at a seasonally adjusted rate of nearly 440,000 units with five of the six months recording nine-year highs.

The results were capped by a surprisingly strong December that came six weeks after the stock market plunge.